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Ecuador

Coffee

Annual

2000

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Report Highlights:

Coffee production for Marketing Year 2000/2001 is expected to increase to 1.4 million 60 Kg. bags up from the previous year. There is a concern that Colombia will be buying Ecuadorian coffee to meet its domestic consumption, and there is talk about improving the quality of Ecuadorian exported coffee by issuing voluntary certificates of quality. Ecuadorian coffee industry has launched the production of a high value-added product similar to soluble coffee, which maintains coffee properties in the process of production

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Quito [EC1], EC

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Executive Summary

Coffee production for Marketing Year 2000/2001 (April/March) is expected to increase to 1.4 million 60 kilogram bags, up from the 1.3 million 60 kilogram bags produced in MY 1999/2000. The most notable change from the recent past is the greater production of Arabica compared with Robusta coffee, due to favorable climatic conditions.

Exports are expected to increase moderately in MY 2000/01 to 1.090 million 60 Kilogram bags, from the 997,000 60 Kilogram bags exported this last marketing year. Coffee product exports, such as soluble, roasted and ground coffee are expected to increase in MY 2000/01 due to the expected better prices in the international market. There is a concern that Colombia will be buying Ecuadorian coffee to meet its domestic consumption. There is talk about improving the quality of Ecuadorian exported coffee by issuing voluntary certificates of quality.

Production

Coffee prices, as expected, will play a major role in the increased production in MY 2000/2001. Improved coffee prices may encourage producers to harvest all available beans, both of Arabica and Robusta varieties. Prices paid to growers in Ecuador for washed Arabica beans were placed at U.S.\$ 73.52 per 45.36 Kilogram (100 lb.) bags in September of 1999, and rose to U.S.\$ 110.80 by December 1999.

Arabica production is expected to increase for the upcoming marketing year favored by timely rainfalls during the flowering stage, luminosity during the maturation stage, and later bean development. It is forecasted 800 thousand 60 Kg. bags of Arabica productions and 600 thousand 60 Kg. bags of Robusta production. The climatic conditions will likely be favorable as well for Robusta quality. However, the level of production both for Arabica and Robusta varieties for the MY2000/2001 will not reach the production levels for MY 1996 of 2.1 million bags.

PSD Table						
Country:	Ecuador					
Commodity:	Coffee, Green					
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		04/98		04/99		04/2000
Area Planted	300	300	320	310	0	320
Area Harvested	200	250	280	270	0	290
Bearing Trees	240	260	280	260	0	280
Non-Bearing Trees	10	0	15	20	0	15
TOTAL Tree Population	250	260	295	280	0	295
Beginning Stocks	35	35	35	31	0	30
Arabica Production	355	722	1000	711	0	800
Robusta Production	592	600	800	590	0	600
Other Production	0	0	0	0	0	0
TOTAL Production	947	1322	1800	1301	0	1400
Bean Imports	80	0	0	0	0	0
Roast & Ground Imports	0	0	0	0	0	0
Soluble Imports	5	0	0	0	0	0
TOTAL Imports	85	0	0	0	0	0
TOTAL SUPPLY	1067	1357	1835	1332	0	1430
Bean Exports	586	608	1120	680	0	720
Roast & Ground Exports	10	14	10	12	0	15
Soluble Exports	131	394	400	305	0	355
TOTAL Exports	727	1016	1530	997	0	1090
Rst,Ground Dom. Consum	245	250	245	245	0	245
Soluble Dom. Consum.	60	60	60	60	0	60
TOTAL Dom. Consumption	305	310	305	305	0	305
Ending Stocks	35	31	0	30	0	35
TOTAL DISTRIBUTION	1067	1357	1835	1332	0	1430

Trade

Exports of coffee and coffee products for MY 2000/2001 are forecast to increase to 1,090,000 bags (60 Kg) GBE from 997,000 bags from the previous Marketing Year. It is expected also a slight increase in export of coffee products to 370,000 bags both of roasted and soluble coffees. Ecuadorian coffee industry very recently in April 22, launched the production of high a value-added product similar to soluble coffee, which maintains coffee properties in the process of production. This new product is oriented for international markets. It is forecasted that in MY 2000/2001, Colombians will import coffee from Ecuador to meet demand for domestic consumption, as well as to re-exporting Ecuadorian coffee as Colombian coffee.

Export Trade Matrix			
Country:		Units:	60 Kgs. bags
Commodity:			
Time period:	Jan-Dec		
Exports for	1998		1999
U.S.	390425	U.S.	422025
Others		Others	
Germany	127317	Germany	89490
Japan	55123	Japan	44618
Holland	73208	Holland	49987
Spain	65597	Spain	49475
Chile	87812	Chile	41455
Poland	52157	Poland	70904
England	51497	England	58464
Mexico	33275	Rusia	23902
Total for Others	545986		428295
Others not listed	111726		139645
Grand Total	1048137		989965

Policy

The current focus of national coffee policy is the established private/governmental institution called the National Council for Coffee (COFENAC). According to the law, COFENAC is the institution which is in charge of implementing the Law for the Coffee Industry.

This new law basically provides a framework to promote and organize a modern coffee industry, to deal with the fluctuations of international coffee prices, and to provide loans through private banks at preferential interest rates to producers for the rehabilitation, renovation, and maintenance of coffee plantations. The primary goal of the loans provided by COFENAC is not to increase the planted and harvested area, but to provide small and medium producers access to better coffee seedlings, to improve quality, and increase yields. The Ecuadorian

coffee industry realizes that this is the only way to create a more market-oriented industry in the coming years. However, UNICEF (Coffee Exporter Association) points out that not only the expansion of planted and harvested area can get the goal of increasing production, but most importantly is the quality of production for exporting. In order to reach this goal ANECAFE and CORPEI (Export and Investment Corporation) have agreed to provide with and Certificates of Quality for export coffee. However, this certificate is not compulsory but a voluntary certificate for coffee exporters

Prices Table					
Country:					
Commodity:			Washed Arabica		
Year:	1998				
Prices in (currency)	USDollars	per (uom)	45.36 Kg.		
Year	1998	1999	% Change		
Jan	157.23	105.38	-33.0%		
Feb	162.1	93.6	-42.3%		
Mar	147.19	90.94	-38.2%		
Apr	135.52	91.44	-32.5%		
May	122.96	94.3	-23.3%		
Jun	112.54	98.21	-12.7%		
Jul	103.55	82.02	-20.8%		
Aug	111.49	81.28	-27.1%		
Sep	102.39	73.52	-28.2%		
Oct	94.93	80.14	-15.6%		
Nov	102.84	100.61	-2.2%		
Dec	106.07	110.8	4.5%		